

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 3114 - SB 3101

February 8, 2010

SUMMARY OF BILL: Extends foster care and guardianship services to individuals 18-21 years of age. To be eligible for continuation of foster care, children 18-21 years of age must be completing secondary education, enrolled in a post-secondary or vocational institution, be participating in a program designed to remove barriers to employment, employed at least 80 hours per month, or be incapable of performing any of the preceding actions due to a documented medical condition. Continuation of foster care shall be available for children 18-21 years of age who initially declined such services at age 18 but have decided to return into foster care before the age of 21. Youth reentering the system must meet eligibility requirements. Declares that a person over the age of 17 and less than 21 years of age is a child for the purpose of remaining in foster care but is an adult for any other purpose.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Net Impact - \$14,291,688/FY10-11
Net Impact - Exceeds \$14,291,688/FY11-12 and Subsequent Years

Increase Federal Expenditures - \$4,935,535 /FY10-11
Exceeds \$4,935,535 /FY11-12 and Subsequent Years

Assumptions:

- According to the Department of Children's Services (DCS), youth ages 18-21 reentering foster care after initially declining it will not be eligible for federal reimbursement. All youth reentering the foster care system will be paid for with state dollars.
- There will be a three month lag between the implementation date of July 1, 2010 and the drawdown of federal funds on October 1, 2010. These months will be paid for with state dollars.
- According to DCS, in FY10-11 approximately 415 will stay in foster care, and approximately 207 individuals will reenter.
- In FY10-11, of the individuals who will continue in the foster care system, approximately 276 will be placed in family-based foster care at a cost of \$1,455 per month; a total cost of \$4,818,960. Approximately 127 will be in group homes at a cost of \$3,707.40 month; a cost of \$5,650,778. Twenty will be placed in independent living at a cost of \$1,200 month; a cost of \$288,000. Total placement cost for this population is approximately \$10,757,738.

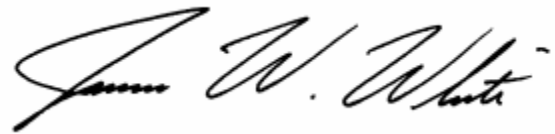
HB 3114 - SB 3101

- In FY10-11, of the 207 individuals who will reenter the system, approximately 52 will be placed in family-based foster care at a monthly cost of \$1,513.20; a cost of \$944,237. Approximately 117 will be in group homes at a monthly cost of \$3,818.62; a cost of \$5,361,342. Approximately 40 will be in independent living at a monthly cost of \$1,236; a cost of \$593,280. Total placement cost for this population in FY10-11 is approximately \$6,898,859.
- Total placement cost for both populations in FY10-11 is approximately \$17,656,597 (\$10,757,738 + \$6,898,859).
- In FY10-11, DCS will hire approximately 31 new case workers at a cost of \$80,011 in salary and benefits; total annual cost of \$2,480,341. Approximately 4 new supervisors will be hired at a cost of \$88,000 in salary and benefits; total annual cost of \$352,000. Approximately, one new team coordinator at a cost of \$107,471 in salary and benefits.
- Total personnel cost for FY10-11 is estimated to be approximately \$2,939,812.
- Total extension of foster care placement and personnel costs in FY10-11 will be approximately \$20,596,409.
- To extend guardianship, DCS estimates that approximately 128 youth will participate in FY10-11 at a cost of 714.60 per month. Total cost for guardianship extension will be approximately \$1,097,770 (128 x \$714.60 x 12).
- Total cost for foster care and extension services will be approximately \$21,785,659 (\$20,596,409 + \$1,097,770).
- DCS estimates that in FY10-11, the state will shift approximately \$1,388,789 in state funding and approximately \$2,037,991 in federal Chaffee funding to this program on a recurring basis. The total shifted per year will be approximately \$3,426,780.
- New state costs in FY10-11 with estimated cost shifting subtracted will be approximately \$18,358,879.
- DCS estimates that new Title IV revenue in FY10-11 will be approximately \$4,364,338.
- New state expenditures in FY10-11 for the extension of foster care and guardianship will be approximately \$13,994,541 (\$18,358,879 - \$4,364,338).
- The TennCare program currently provides coverage to foster children from birth through the age of 18.
- There is a voluntary Medicaid category called “Independent Foster Care Adolescents” that will allow continuation of Medicaid coverage for persons between the ages of 18 and 21 who were in foster care on their 18th birthday.
- The Bureau of TennCare estimates that approximately 373 individuals between the ages of 18 and 21 will qualify for this new category of coverage. It is estimated that the individuals will receive services at a cost of approximately \$194 per-member-per month. The total increase in expenditures is estimated to be approximately \$868,344 (373 x \$194 x 12).
- Of this increase, approximately \$571,197 will be federal funds at a 65.78 percent match rate and approximately \$297,147 in state funds at a 34.22 match rate.
- The total increase in state expenditures will be approximately \$14,291,688 (\$13,994,541 + \$297,147).
- New state expenditures in FY11-12 and subsequent years is estimated exceed \$14,291,688.

- New Title IV federal revenue is estimated to be \$4,935,535 (\$4,364,338 + \$571,197) in FY11-12. Total new federal revenue is estimated exceed \$4,935,535 in FY11-12 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/msg